

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ARA-10 EUR-12 EA-07 IO-13 ISO-00
AGRE-00 COME-00 TRSE-00 CIAE-00 DODE-00 INR-07
NSAE-00 PA-01 USIA-06 PRS-01 SP-02 OMB-01 L-03
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R 081748Z AUG 77

FM AMEMBASSY LONDON
TO SECSTATE WASHDC 6984
INFO AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
AMEMBASSY DAR ES SALAAM
AMEMBASSY NAIROBI
AMEMBASSY SAN SALVADOR
AMEMBASSY GUATEMALA
AMEMBASSY MEXICO
AMEMBASSY MANAGUA
AMEMBASSY BOGOTA
AMEMBASSY YAOUNDE
AMEMBASSY JAKARTA
AMEMBASSY ABIDJAN
AMEMBASSY KINSHASA
AMEMBASSY ADDIS ABABA
AMEMBASSY SAN JOSE
AMEMBASSY CANBERRA
AMEMBASSY BRUSSELS
AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY STOCKHOLM
AMEMBASSY BERN
USMISSION GENEVA
AMEMBASSY PORT MORESBY
AMEMBASSY CARACAS
AMEMBASSY PANAMA

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USEEC AND EMBASSY

FOR: EB/TRP - MR. TOM O'DONNELL
E.O. 11652: N/A

TAGS: ETRD, ICO, EPAP

SUBJECT: COFFEE -- PRESS REPORTS ON PRODUCER TACTICS

1. ANGEL GURRIA, LONDON REP, MEXICAN COFFEE INSTITUTE, CALLED EMBASSY AUGUST 8 TO DENY PRESS REPORTS REGARDING REPORTED COFFEE PRODUCER INTENT TO LAUNCH COFFEE PRICE STABILIZATION SCHEME AT FORTHCOMING MEETING OF ICO EXECUTIVE BOARD IN NAIROBI.

2. GURRIA WAS CONCERNED PRIMARILY WITH STORY IN THIS MORNING'S GUARDIAN WHICH HE SAID USED REUTERS DISPATCHES AND RUMOR TO IMPART ERRONEOUS VIEW OF FIVE NATION LATIN-AMERICAN SUMMIT MEETING HELD IN BOGOTA WITH ATTENDANCE OF HEADS OF STATE FROM COSTA RICA, MEXICO, VENEZUELA AND PANAMA, AS WELL AS PRESIDENT LOPEZ MICHELSEN OF COLOMBIA. GURRIA SAID SUMMIT MEETING DEALT PRIMARILY WITH THE PANAMA CANAL ISSUE AND WITH COFFEE ONLY IN PASSING. THE GUARDIAN ARTICLE SAID INTER ALIA THAT THE SUMMIT MEETING APPROVED A MEXICAN PROPOSAL TO "SET UP A FUND FIXING MAXIMUM AND MINIMUM PRICE LEVELS FOR COFFEE ..." WHICH IN TURN WOULD BE DISCUSSED AT THE NAIROBI MEETING AND LATER SUBMITTED TO THE COUNCIL. ARTICLE NOTED THAT "IN SPITE OF THEIR PROTESTATIONS TO THE CONTRARY, PRODUCERS SEEMED TO BE MOVING OMINOUSLY TOWARDS A SYSTEM WHICH IS TAKING ON THE OVERTONES OF A CARTEL". NEVERTHELESS, IT POINTED OUT DIFFERENCES BETWEEN BRAZIL AND LIMITED OFFICIAL USE

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COLOMBIA WOULD MAKE PRODUCER COLLABORATION DIFFICULT.

3. GURRIA SAID THE IMPLICATION OF THE GUARDIAN ARTICLE NOTWITHSTANDING, THERE HAD BEEN NO REPEAT NO CHANGE IN THE PROCEDURE WHICH MEXICAN OFFICIALS HAD DISCUSSED WITH ASSISTANT SECRETARY KATZ DURING THEIR RECENT VISIT TO WASHINGTON I.E. (A) MEXICO WILL PUT FORWARD AT NAIROBI A PROPOSAL FOR LOOKING INTO A POSSIBLE STOCKING SCHEME UNDER ARTICLE 15 (IV) OF THE COFFEE AGREEMENT; (B) DEBATE AT NAIROBI WILL NOT REPEAT NOT BE ON SUBSTANCE BUT ONLY ON PROCEDURE; (C) HOPEFULLY THE BOARD WILL INSTRUCT THE EXECUTIVE DIRECTOR TO EXAMINE THE PROPOSITION AND, IN CONSULTATION WITH MEMBERS, POSSIBLY DRAW UP TERMS OF REFERENCE FOR A WORKING GROUP TO EXAMINE THE MEXICAN PROPOSAL IN DETAIL AND WITH (D) DECISION ON WHETHER OR NOT TO GO AHEAD WITH THE STUDY LEFT TO THE COUNCIL IN SEPTEMBER.

4. GURRIA SIAD HE HAS NOW COMPLETED HIS CONSULTATIONS WITH ALL MEMBERS OF THE BOARD ON THE MEXICAN SCHEME AND THAT ALL HAVE EXPRESSED AGREEMENT WITH THE PROCEDURE PROPOSED. HE SAID THAT HE HOPES TO CIRCULATE A PAPER

ON THE MEXICAN PROPOSAL HERE IN LONDON PRIOR TO NAIROBI WHICH WILL STRESS PROCEDURE WITH ONLY THE BAREST OUTLINE OF THE SCHEME ITSELF. IF MEXICO LATER DECIDES TO PRESENT A MORE ELABORATE PROPOSAL, THIS WILL BE PRESENTED TO THE COUNCIL IN SEPTEMBER NOT TO THE NEXT MEETING OF THE BOARD HE IMPLIED STRONGLY THAT THE MATTER WAS ENTIRELY IN HIS OWN HANDS AT LEAST UNTIL AFTER NAIROBI. FINALLY, GURRIA EMPHASIZED THAT MEXICO PRIZED VERY HIGHLY THE GOOD-WILL IT HAD EARNED FOR ITS PROPOSAL IN THE SERIES OF CONSULTATIONS STARTING IN STARTING IN WASHINGTON AND THAT MEXICO DID NOT WISH TO PREJUDICE THIS.

BREWSTER

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